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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: February 9, 1954

SUBJECT: Political Situation in Guatemala

PARTICIPANTS: Mr. Enrique Lopez Herrarte, World Bank
Mr. Charles R. Burrows, Director, MID

COPIES TO: ARA
MID - Mr. Leddy
Mr. Fisher
ARA - Amb. Dreier
Amembassy, Guatemala
DRA

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At luncheon today Mr. Lopez Herrarte spoke very freely with reference to his convictions on the situation in Guatemala. It was a long conversation which covered a good many facets, most of which did not provide anything new for us, but one or two comments were worthy of noting.

Mr. Lopez Herrarte will accompany Mr. Black of the IBRD on his trip around Latin America and, although Mr. Black will not visit Guatemala, Lopez Herrarte is proceeding there on his own on February 20 in order to visit his family and will meet Mr. Black in San Salvador on February 26. Lopez Herrarte intends to see Toriello and to give him some advice, as an old friend, as to how he should act in Caracas. Lopez Herrarte expressed the same kind of surprise that we have heard expressed in other places with regard to Toriello's attitude since his return to Guatemala and with regard to the distinct difference between that attitude and his expressed intentions before leaving Washington to do everything he could to improve Guatemalan-U.S. relations. Lopez Herrarte considers the situation practically hopeless at this point and said that as far as he personally is concerned, he can see only three possible courses of development in or with relation to that country. The first would involve the possibility of a successful uprising, which he considers to be unlikely and in any event an extremely bloody affair. In connection with a possible development of this kind, he said that he now has reason to believe, contrary to his belief up until a few months ago, that the army has been infiltrated by the Communists. The second "alternative", as he put it, would be effective measures of economic embargo against Guatemala, whether unilateral by the United States or multilateral by all of the American Republics. His third "alternative" was that

Confidential 714.00/2-954

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one further attempt be made to hold an informal and intimate conversation with President Arbenz to make sure that he clearly understands what is happening to his country and that by conviction he accepts Communist influence in the Government. Lopez Herrarte recognized this as the least promising of the three "alternatives" but said that he had been thinking in terms of personalities and he believed the best possible approach to Arbenz on this level would be through retired General James Walker. He said that General Walker, who he believes is now living in Texas, headed the military school in Guatemala when Arbenz was a student. He said that General Walker knows Arbenz very well, that Arbenz admires him, and that General Walker could talk to him very informally and intimately and would be able to "read between the lines" of anything that Arbenz might say to him.

JRB

ARA:MID:CRburrows:dc